

MARKET MECHANISMS FOR WHITE CERTIFICATES TRADING: A **IEA-DSM** INTERNATIONAL ACTIVITY

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A national energy policy which involves:

Energy Saving programmes
on energy end-uses

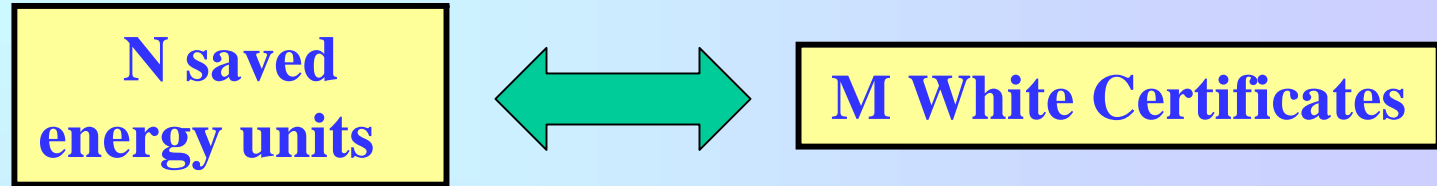
STEP I

A Public Board (e.g. Governmental) defines:

- Energy saving national targets (e.g. Mtoe/year)
- Eligible Energy Saving Projects
- Obligation-bound actors (**OB**)
- Allocation of the global targets on **OB**'s
- Eligible implementers of Energy Saving Projects (**EI**)

STEP II

Equivalence between attained target and a proportional amount of White Certificates (WhC)

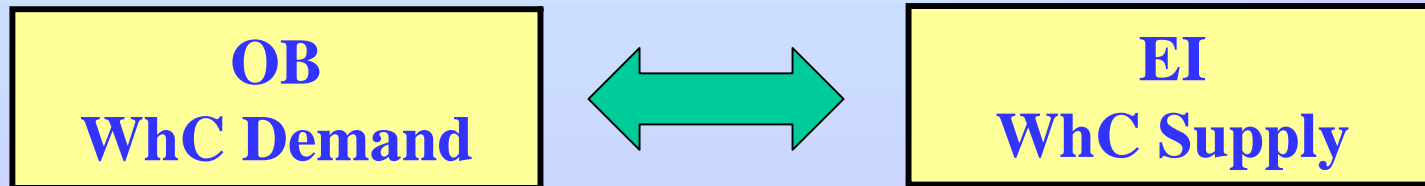


“White certificates”: certificates issued by independent certifying bodies confirming the claims of market actors for savings of energy, as a consequence of energy end- use efficiency measures (From *Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on energy end-use efficiency and energy services*)

STEP II

OB must comply with a WhC target obligation:
WhC demand

EI may gain and own WhC: WhC supply



STEP III

A market can be established where WhC demand and offer match:

OB can buy lacking WhC to reach their target

EI can sell their WhC surplus, since:

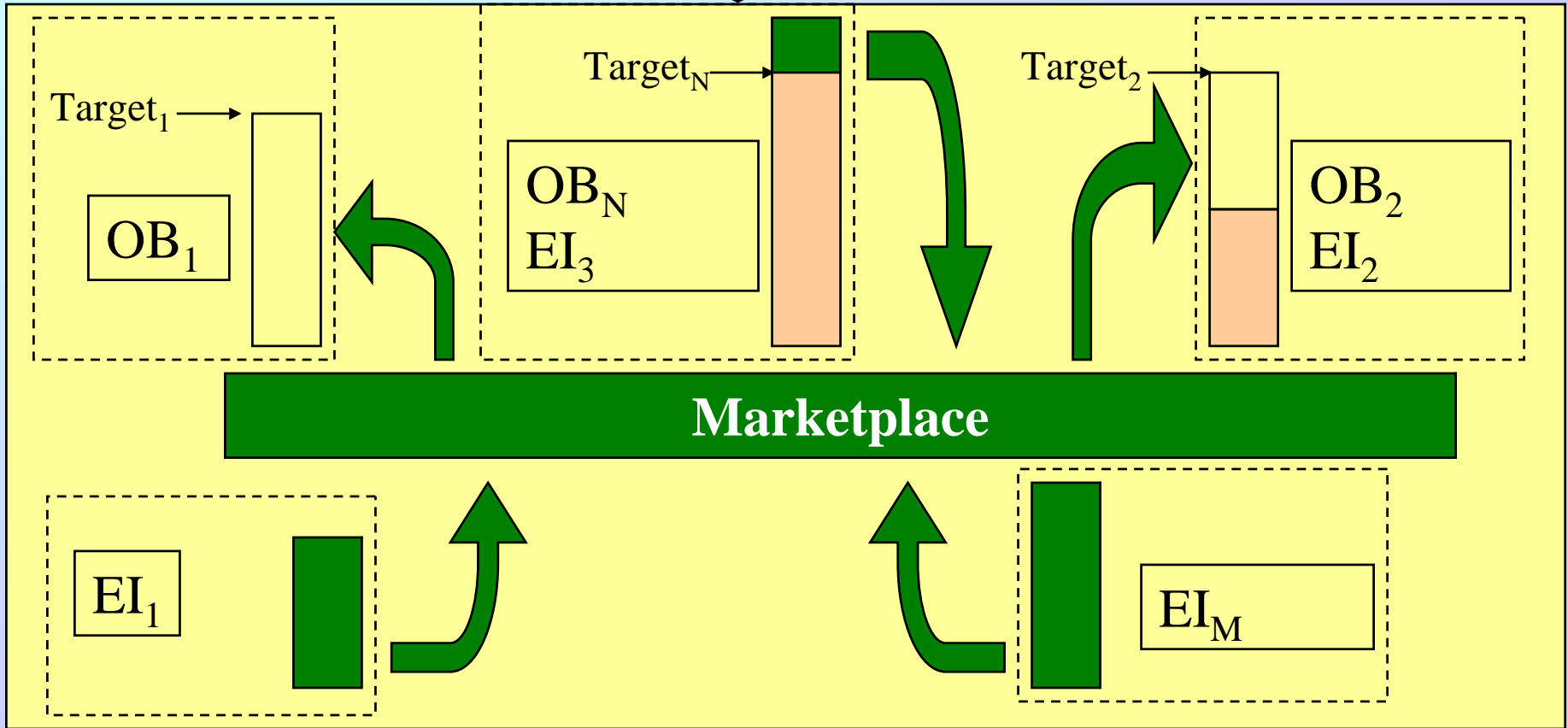
- they have no target to match

or

- they gained WhC above their target

GENERAL SCHEME

Public board: mandatory EE (=WhC) targets



Obligation-bound actor (OB)

Eligible Implementer (EI)

■ WhC excess

■ Gained WhC

Obligation-bound actors = WhC target fulfilment:
who?

- producers?
- distributors (e.g. in Italy, distributors over a threshold)?
- retailers?
- energy/fuel suppliers?
- consumers?

Eligible implementers of Energy Saving Projects =
WhC gain:

who?

- obligation-bound actors?
- exempted actors (e.g. distributors below the threshold)?
- energy services companies (ESCO)?
 minimum requirements? official register?
- consumers?
 all? only large ones?
- market intermediaries?
- any economic actor? over a threshold?

Allocation criteria for Energy Savings targets
on OB (= WhC targets) :

how?

- number of served customers?
- volume of distributed energy?
- turnover?

Eligible (= WhC generating) Energy Saving Projects: what about:

- criteria
- size
- evaluation of the saving impact = n. of WhC generated
- persistence of the saving effects
- additionality (how to prevent from free-riders)
 - based on standards in force?
 - based on increase of turnover?
 - based on innovation?
 - based on present market?
- monitoring mechanisms (duration, responsibilities)

Non-compliance regime

- grace periods,
- penalties,
- etc

Trading mechanisms:

- participants to the market
- lifetime of certificates
- frequency of transactions
- safety rules
- banking
- borrowing/grandfathering (if applicable)

MATTER TO BE DISCUSSED

Chance of extra-national enlarged market:

- within EU (Proposal EU Directive on EE in end-uses)
- within OCDE

Interaction with other EE policy tools

Interaction with other trading schemes:

- Renewable Energy Commitment scheme (Green Certificates Trading)
- Carbon trading scheme (Black Certificates Trading)

Possible cost-recovery mechanisms

Rebound effects (unexpected upshots)

Objective of Task XIV

- Deeper insight
- Discussions and exchange of experiences

through:

- periodical experts meetings
- open workshops

on a group of items belonging to the above:

“MATTER TO BE DISCUSSED”

Approach

- Regular events made up of:
 - one-day thematic open workshop with national stakeholders
 - a “day after” restricted meeting of designated task experts

Approach

Event	Workshop	Workshop subject	Task experts meeting subject	Date
1	NO		<ul style="list-style-type: none"> - Kick-off . - Task organisation - Preparation of the following workshop 	7-8 June 04 Milano Italy
2	YES	Existing experiences and expectations at national level	<ul style="list-style-type: none"> - Discussion on the past workshop - Preparation of the following workshop 	8-9 Nov 04 London UK
3	YES	Policy/principle issues	<ul style="list-style-type: none"> - Discussion on the past workshop - First ideas on the Final Report - Preparation of the following workshop 	14-15 April 05 Paris - France
4	YES	Organisation / practical issues: National or international systems for White Cert.?	<ul style="list-style-type: none"> - Discussion on the past workshop - Comparisons among national procedures for evaluation of Energy Savings - Comparisons among national schemes on White Certificates - Preparation of the following workshop 	15-17 June 05 Lund Sweden
5	YES	Organisation / practical issues: <ul style="list-style-type: none"> - additionality, - penalties, - costs 	<ul style="list-style-type: none"> - Discussion on national procedures for evaluation of Energy Savings - Discussions on organisation and contents of the Final Synthesis Report - Discussion on the present workshop - Preparation of the following workshop 	26-28 Oct. 05 Groningen Netherlands
6	YES	Interactions with other schemes/ EE policies.	<ul style="list-style-type: none"> - Discussion on the present workshop - Follow-ups from EU EuroWhiteCert project - Comments, revision and finalisation of draft Final Synthesis Report 	22-24 Mar. 06 Trondheim Norway

Schedule of activities

Updated timetable of events and deliverables

Month	June 04					November 04	January 05			April 05		June 05			October 05		January 06		March 06			June 06	
Event	1					2				3		4			5				6				
Deliverable						CS				CS		CS			CS				CS				FR

CS = Critical Synthesis (INTERIM) Report of the event

FR = Final Synthesis Report

Involved Parties

France

Italy

The Netherlands

Norway

Sweden

UK

**Academia: Central European University -
Budapest (as observer)**

IEA-DSM Task XIV - MORE INFO?

- **SEE TASK XIV WEBSITE**

<http://dsm.iea.org/NewDSM/Work/Tasks/14/task14.asp>

- anyone is welcome as guest to share non-restricted information through the Task 14 Forum - ask OA



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- Guests' site

International Energy Agency Demand-Side Management Programme
'Promoting Energy Efficiency and Demand-Side Management for global sustainable development and for business opportunities'

Task XIV: Market Mechanisms for White Certificates Trading

<http://dsm.iea.org/NewDSM/Work/Tasks/14/WhiteCertificates.htm>

Market-based policies for accelerating energy efficiency programmes

- Send this to a colleague

General goal

- Register your interest

This project ("Task") aims to address:

- whether – and how – a scheme involving the issuing and the trading of White Certificates (WhC) provides an effective means of attaining targets of reduction of:
 1. primary energy consumption (main concern)
 2. CO2 emissions (secondarily)
- what is the most suitable format for such a scheme
- what implementation problems are involved, at national and extra-national levels
- how it can interact with other schemes.

- **Contact: Operating Agent**

Questions to be addressed

Policy and operational issues will considered throughout the task Principle (Policy) issues

1. Specificity and effectiveness of a certificate trading mechanism to promote energy efficiency projects

Thank you

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